BADEA

Arab Bank
for Economic
Development
in Africa

BADEA's ROLE IN SUPPORTING

THE ENERGY SECTOR

IN AFRICA

TOGETHER FOR AFRICA

Disclaimer:

BADEA AT A GLANCE

Establishment

The Arab Bank for Economic Development in Africa (BADEA) was established pursuant to the resolution of the 6th Arab Summit Conference in Algiers at 28th November 1973. The Bank began operations in March 1975.

Institutional Identity

BADEA is a financial institution owned by 18 Arab countries members of the League of Arab States (LAS) which signed its Establishing Agreement on 18th February 1974. The Bank is an independent international institution enjoying full international legal status and complete autonomy in administrative and financial matters. It is governed by the provisions of its Establishing Agreement and the principles of international law.

Mandate

The Bank was created for the purpose of strengthening economic, financial and technical cooperation between the Arab and African regions and for the embodiment of Arab-African solidarity on foundations of equality and friendship. To achieve this end, the Bank was given a mandate to:

- Participate in financing economic development in African countries.
- Stimulate the contribution of Arab capital to African development.
- Help provide the technical assistance required for the development of Africa.

Vision:

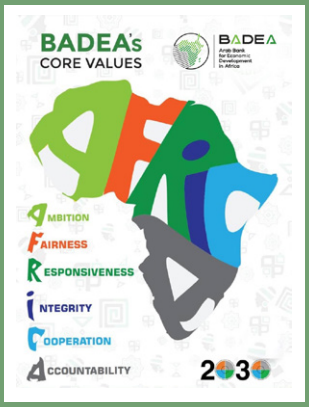
"To be the lead platform for Arab-Africa Economic Cooperation for Development".

Mission:

"To promote Arab-Africa's Economic Cooperation through financial assistance, investment and technical support".

Values:

BADEA recognizes that its value system - AFRICA: Ambition, Fairness, Responsiveness, Integrity, Cooperation, Accountability- binds organizational behavior and is reflected in strengthening its relationship with clients and partners.



The Four Focus Areas of BADEA's Strategy 2030

Infrastructure Investment for Inclusivity, Industrialization and Innovation

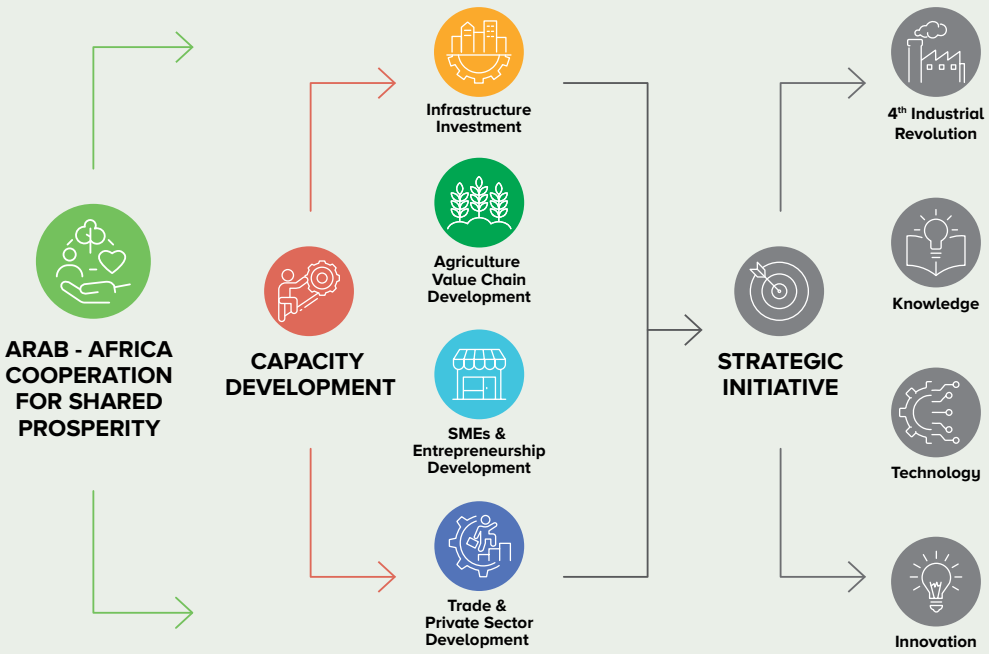
Agriculture Value Chain Development for Empowerment

SMEs and Entrepreneurship Development

Boosting Trade and Private Sector Development for Growth and Job Creation

"Capacity Development intervention is framed as a cross-cutting enabler for the focus areas interventions."

BADEA 2030 Strategy Framework



Overall Financial Transfer to African Countries (1975 – 2025)

Type of Operation	Number of Operations	Amount of Financing (USD million)
Public Sector Development Projects	777	9,060
Private Sector Operations	77	2,455
Trade Operations	94	6,729
Capacity Development Operations	1,023	266
TOTAL	**1,971**	**18,510**

Financial Transfer by Strategy Focus

Strategy Focus Area	Number of Operations	Financial Transfer (USD million)	%
Infrastructure Investment for Inclusivity, Industrialization and Innovation	466	5,791	31%
Agriculture Value Chain Development for Empowerment	270	2,201	12%
Boosting Trade and Private Sector Development for Growth and Job Creation	171	9,184	50%
SMEs and Entrepreneurship Development	41	1,068	6%
Capacity Development	1023	266	1%
TOTAL	**1,971**	**18,510**	**100%**

BADEA Ratings

In 2025, S&P Global Ratings upgraded BADEA to AA+ with a Stable outlook, positioning the Bank among the highest-rated multilateral development institutions globally and reflecting strengthened financial fundamentals and institutional resilience. The Japan Credit Rating Agency (JCR) also reaffirmed BADEA's AAA rating with a Stable outlook, underpinned by the Bank's robust financial position, prudent risk-management practices, and strong shareholder support. Moody's maintained BADEA's Aa1 rating during the year, with no new rating action issued, effectively affirming the Bank's very strong credit profile.

Collectively, these 2025 rating outcomes underscore BADEA's solid capital adequacy, resilient asset quality, and disciplined liquidity management. They also highlight the Bank's reinforced capacity to mobilize resources at favourable terms, expand access to capital markets, and channel Arab investment toward transformative development initiatives across Sub-Saharan Africa. BADEA's strong credit standing further consolidates its reputation as a reliable, well-capitalized development partner capable of delivering affordable and impactful financing across the region.

ISO Certificates

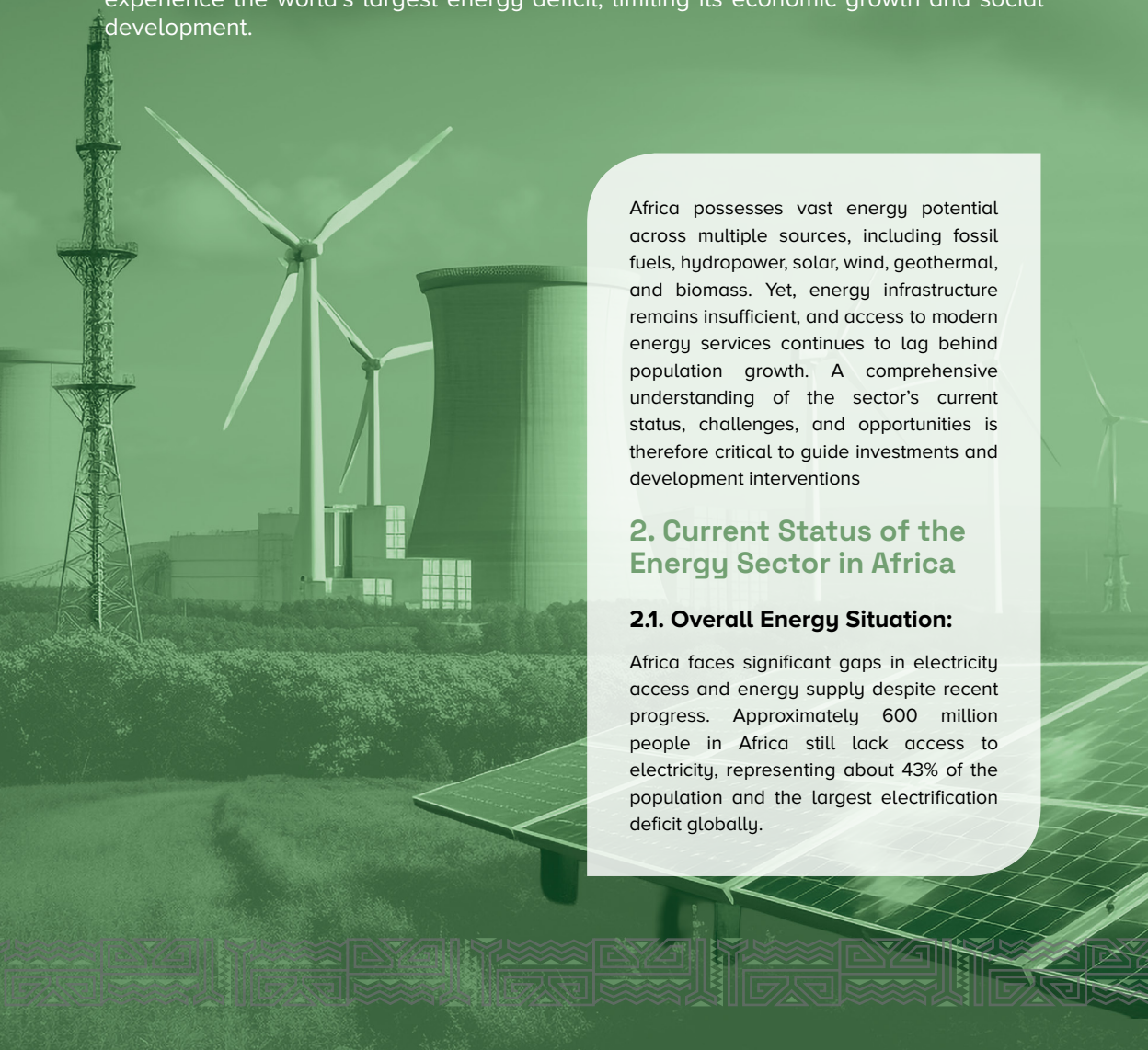
In 2024, in line with BADEA's commitment to social responsibility and its diligent efforts to minimize the negative impacts on the environment and society resulting from internal activities and development projects it finances, the bank successfully completed the annual audit for quality, social responsibility and corporate governance systems.

The bank obtained ISO 37000 (Corporate Governance) and ISO 26000 (Social Responsibility) certificates, along with ISO 14001 (Environmental Management), demonstrating its commitment to sustainability and environmental protection standards. BADEA has also renewed its ISO 9001 (Quality Management), ISO/IEC 20000-1 (IT Service Management) and ISO/IEC 27001 (Information Security Management) certificates, with recommendations to upgrade the certificates to the recent versions and expand their coverage to include other departments within the bank.

ENERGY SECTOR IN AFRICA: IMPORTANCE, CHALLENGES, OPPORTUNITIES, AND MDB INTERVENTIONS

1. Importance of the Energy Sector

The energy sector is a cornerstone of Africa's economic transformation, industrial development, and social progress. Reliable and affordable energy is essential for productive sectors such as agriculture, mining, manufacturing, transport, water supply, and digital services. However, despite abundant energy resources, Africa continues to experience the world's largest energy deficit, limiting its economic growth and social development.



Africa possesses vast energy potential across multiple sources, including fossil fuels, hydropower, solar, wind, geothermal, and biomass. Yet, energy infrastructure remains insufficient, and access to modern energy services continues to lag behind population growth. A comprehensive understanding of the sector's current status, challenges, and opportunities is therefore critical to guide investments and development interventions

2. Current Status of the Energy Sector in Africa

2.1. Overall Energy Situation:

Africa faces significant gaps in electricity access and energy supply despite recent progress. Approximately 600 million people in Africa still lack access to electricity, representing about 43% of the population and the largest electrification deficit globally.

2.2. Conventional Energy Sources Fossil Fuels (Oil, Gas, and Coal):

Fossil fuels continue to dominate the energy mix in many African countries, particularly for power generation and industrial use. Oil and gas resources are concentrated in countries such as Nigeria, Angola, Algeria, and Egypt. Coal remains significant in some economies, particularly South Africa, where aging coal-fired plants continue to supply a large share of electricity.However, reliance on fossil fuels presents challenges, including:

- **High fuel import dependency in many countries.**
- **Price volatility and fiscal pressure.**
- **Environmental and climate impacts.**

In several countries, aging thermal plants and poor maintenance have led to unreliable electricity supply and frequent outages.

2.3. Renewable Energy Sources:

Africa has enormous renewable energy potential that remains largely underutilized.

Hydropower:

Hydropower remains the largest renewable source in Africa. The continent has an estimated 350 GW hydropower potential, but only 5–6% has been developed, indicating significant untapped capacity.

Hydropower plays a major role in countries such as Ethiopia, Zambia, and Ghana, but is vulnerable to droughts and climate variability.

Solar Energy:

Africa has some of the highest solar irradiation levels globally, with an estimated solar potential exceeding 11 terawatts, making solar energy one of the most promising energy sources for the continent.

Solar technologies, particularly off-grid systems and mini-grids, are expanding rapidly and are increasingly used to electrify remote rural areas.

Wind Energy:

Wind energy potential is estimated at approximately 110 GW, although only a small fraction has been developed. Major wind farms have been developed in countries such as Kenya and Morocco.

Geothermal Energy:

Africa's geothermal resources, especially in the East African Rift Valley, are estimated at about 15 GW, with Kenya leading development in this sector.

Biomass and Traditional Energy:

Biomass remains the dominant source of energy for cooking in many African countries. However, reliance on traditional biomass such as wood and charcoal contribute to deforestation and health risks. It is estimated that hundreds of thousands of deaths occur annually due to indoor air pollution caused by traditional cooking fuels.

2.4 Transmission and Distribution Systems:

Weak transmission and distribution networks represent a major bottleneck in many countries. Electricity losses remain high due to aging infrastructure, poor maintenance, and illegal connections. Regional power pools have been established to promote cross-border electricity trade and enhance system reliability.

2.5 Off-Grid and Mini-Grid Systems:

Off-grid energy solutions, including solar home systems and mini-grids, are playing a growing role in expanding electricity access. More than half of new electricity connections in recent years have come from off-grid systems, especially in rural areas where grid expansion is costly.

3. Key Challenges Facing the Energy Sector

Despite progress, the energy sector in Africa faces multiple structural and operational challenges.

3.1 Limited Access to Electricity and Clean Cooking:

Electricity access remains one of the most pressing challenges. Rural electrification rates are significantly lower than urban rates, and access to clean cooking technologies remains limited.

Population growth continues to outpace electrification efforts, resulting in persistent energy poverty.

3.2 Infrastructure Deficits:

Energy infrastructure across the continent remains inadequate. Key issues include:

- **Insufficient generation capacity.**
- **Weak transmission networks.**
- **Aging power plants.**
- **High system losses.**

These deficits reduce reliability and increase operational costs.inadequate

3.3 Financing Constraints:

The energy sector requires substantial investment to meet growing demand. It is estimated that Africa needs over $200 billion annually to achieve its energy and climate targets, while current investment levels remain significantly lower.

High borrowing costs, limited domestic capital markets, and perceived investment risks continue to hinder private sector participation.

3.4 Institutional and Governance Challenges:

Weak regulatory frameworks and limited institutional capacity affect sector performance in many countries. Key issues include:

- **Inefficient utilities.**
- **Poor cost recovery mechanisms.**
- **Weak tariff structures.**
- **Limited sector planning capacity.**

3.5 Climate and Environmental Risks:

Climate change presents growing risks to energy systems, particularly hydropower-dependent countries vulnerable to droughts and water variability. Energy systems must also adapt to increasing environmental sustainability requirements.

3.6 Rapid Population Growth and Urbanization:

Africa's population is expected to increase significantly in the coming decades, driving rapid growth in electricity demand. Urbanization further increases pressure on existing infrastructure.

4. Opportunities for Energy Development in Africa

Despite challenges, Africa has strong potential to transform its energy sector.

4.1 Abundant Renewable Energy Resources:

Africa has some of the world's largest untapped renewable energy resources, including solar, wind, hydropower, and geothermal energy. The

continent's renewable potential provides an opportunity to leapfrog traditional energy systems and transition toward low-carbon development pathways.

4.2 Expansion of Regional Power Trade:

Regional power pools offer opportunities to:

- **Improve energy reliability.**
- **Reduce generation costs.**
- **Optimize resource use.**
- **Enhance cross-border cooperation.**

Regional integration remains a key priority for improving system efficiency.

4.3 Growth of Off-Grid and Distributed Energy:

Decentralized energy systems are transforming rural electrification. Mini-grids and solar home systems provide cost-effective solutions for remote communities, enabling productive uses of energy in agriculture, education, and small enterprises.

4.4 Increasing Private Sector Participation:

Private investment in renewable energy is growing, particularly in:

- **Independent Power Producer (IPP) projects.**
- **Solar and wind farms.**
- **Mini-grid development.**

Innovative financing mechanisms are expanding private sector involvement.

4.5 Digitalization and Smart Technologies:

Emerging technologies such as:

- **Smart grids.**
- **Energy storage.**
- **Digital metering.**
- **Demand-side management.**

are improving efficiency and reliability of energy systems.

5. Role of Multilateral Development Banks (MDBs)

Multilateral Development Banks play a central role in supporting the development of Africa's energy sector through financing, technical assistance, and policy support.

5.1 Financing Infrastructure Development:

MDBs provide long-term financing for:

- **Power generation projects.**
- **Transmission and distribution networks.**
- **Rural electrification programs.**
- **Renewable energy development.**

For example, major development initiatives have connected millions of people to electricity and expanded transmission networks across the continent.

5.2 Supporting Renewable Energy Development:

MDBs support renewable energy through:

- **Grants and concessional financing.**
- **Risk mitigation instruments.**
- **Climate financing mechanisms.**

Renewable energy projects have become a major focus of MDB investments, with a large share of recent financing directed toward clean energy initiatives.

5.3 Strengthening Policy and Institutional Frameworks:

MDBs assist governments in:

- **Developing national energy strategies.**
- **Reforming regulatory frameworks.**
- **Strengthening utilities.**
- **Promoting private sector participation.**

Technical assistance plays a vital role in improving governance and sector performance.

5.4 Supporting Regional Integration:

MDBs finance cross-border interconnection projects that enhance electricity trade and regional integration. Regional projects improve energy security and reduce system costs.

5.5 Mobilizing Private Sector Investment:

MDBs help attract private investors through:

- **Guarantees.**
- **Blended finance instruments.**
- **Public–Private Partnership (PPP) support.**

These mechanisms reduce investment risks and increase capital flows into the energy sector.

6. Conclusion

The energy sector in Africa stands at a critical juncture. While the continent continues to face substantial challenges—particularly in electricity access, infrastructure deficits, financing constraints, and institutional capacity—it also possesses vast energy resources that offer strong opportunities for transformation.

Renewable energy expansion, regional integration, digital innovation, and private sector participation are expected to play major roles in shaping the future of the sector. Multilateral Development Banks will remain essential partners in supporting infrastructure investments, policy reforms, and capacity development. With sustained investment and effective governance, Africa's energy sector has the potential to become a powerful driver of economic growth, industrialization, and social development across the continent.

BADEA's CONTRIBUTION TO FINANCE ENERGY SECTOR PROJECTS

BADEA contributes to the energy sector in Africa in several ways:

1. Financial Support:

providing financial resources through loans and grants to support energy sector-related projects. This funding can be used for power generation projects, transmission and distribution networks, rural electrification programs and renewable energy development.

2. Technical Assistance :

offering technical expertise to help countries design and implement effective energy sector projects. This may include advice on best practices, innovative technologies, and capacity building for energy sector entities at the national levels.

3. Research and Innovation :

Supporting research and development initiatives that focus on developing new technologies, improving efficiency of energy delivery, and addressing challenges faced by energy institutions.

4. Capacity Building:

Investing in training programs and educational initiatives to build the capacity of government institutions and agencies involved in energy sector activities. This helps improve skills, knowledge, and the ability to adopt modern energy practices.

5. Policy Advocacy:

Advocating for policies that promote sustainable energy practices, as well as working with governments to create an enabling environment for energy sector growth.

While extending financing for energy sector projects, BADEA undertakes adequate due diligence to ensure that all projects are:

- Responding to the real needs of the target country,
- Well designed, prepared and ready for implementation; result and impact driven,
- Tightly coupled with social empowerment and industrial development,
- Based on best practices and applying new technologies,
- Addressing the needs for capacity development and institutional building,
- Meeting all sustainability requirements,
- Based on an integrated and value chain approach i.e. moving towards downstream activities with research-innovation on the upstream,
- Enabling knowledge transfer and innovation,
- Leading to and consolidating Arab-Africa partnership.

Overall Results Achieved:

The total loans given by BADEA to recipient African countries for the financing of the energy sector, since 1975 amounted to about USD 691 million for financing 62 Projects in Sub-Saharan Africa . These projects include operations to increase energy production (hydropower, thermal and solar systems), as well as transmission and distribution networks.

Highlights on Projects:

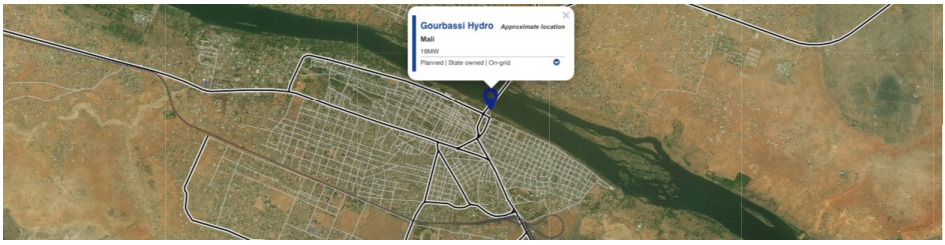
Project

Construction of Gourbassi Multi-Purpose Dam - Republic of Senegal/ Republic of Mali

Country

Senegal Mali

Results Indicator	Planned Results
Dam Length (m)	1,600
Dam Height (m)	30
Dam Storage Capacity (m3)	2.9 BILLION
Access Road (km)	100
Powerhouse Production Capacity (MW)	18
Transmission Line (km)	95
Population Benefiting (number)	3,500,000
Jobs Created (number)	10,000



The project will improve access to electricity in Senegal and Mali. According to the Senegal River Basin Development Organization (OMVS), the dam will also raise the water level of the Senegal River to a satisfactory level. It will provide 2.9 billion m3 of water, for permanent navigation over 905 km, from Saint-Louis in Senegal to Ambidébi in Mali and serve several sectors, notably agriculture.

The Gourbassi hydroelectric development project will also enable OMVS to support low floods, ensure sufficient submersion of flood plains and allow for the cultivation of receding flood-recession crops. Another impact of the Gourbassi project will be the development of fishing activities. The dam will also serve to reduce the population's drinking water needs. The implementation of the Gourbassi hydroelectric development project is expected to generate more than 10,000 local jobs.

This project is co-financed with the Saudi Fund for Development, SOGEM Company, the Government of Senegal and the Government of Mali.

Highlight on:

Project

Kandadji Dam - Niger

Country

Niger

Financier	Total Cost	BADEA	SFD	KFAED	OPEC	ADFD	IsDB	WB	AFDB	BOAD	BIDIC	GOVT.
Amount in (M USD)	**317.25**	10	20	20	12	20	50	25	40	8	7.5	104.75

The project aims to improve the living conditions of the people of the Republic of Niger by contributing to food security, poverty reduction, environmental conservation, and meeting the demand for electricity. This will be achieved by constructing a dam for water storage, which will also include a hydroelectric power plant for energy production, along with the reclamation of approximately 31,000 hectares of land behind the dam.

Specifically, the project seeks to renew and protect the riverine ecosystem in the Republic of Niger by ensuring a water flow of 120 cubic meters per second. It will also provide water for various social and industrial purposes, supply irrigation water by gravity to around 2,000 hectares in the first phase (with a planned expansion to 31,000 hectares by 2034) and generate hydroelectric power to meet the needs of the population and support industrial activities.

Highlight on:

Project

Takoradi Thermal Plant – Republic of Ghana

Country

Ghana

The project aimed at supplementing the existing hydroelectric facilities by thermal generation, improving system efficiency and technical performance and exploiting the generated power for industrial development and mining. The project included supply and installation of a thermal plant, construction of transmission lines and related sub-stations, construction of related services buildings, provision of long-term operation assistance and consultancy engineering services.

The Bank provided a total financing to the project amounting to USD 10.00 Million.

Highlight on:

Project

Country

Mauritius

The Integrated Riviere des Anguilles Dam Project – Mauritius

The proposed project generally aims to contribute to the SDGs in achieving Goal No. (1), which is the eradication of poverty, and Goal No. (6), which is ensuring the provision of clean water, and the goal No. (7), which is to provide renewable energy at reasonable prices.

Financier	Total Cost	BADEA	SFD	KFAED	OPEC Fund	GOVT
Amount in (M USD)	**197.000**	50.000	70.000	11.500	50.000	15.500

The project will lead to:

I. Harnessing additional water resources to meet current and future water demand until 2050 in the southern, southeastern, and southwestern parts of the country.

II. Providing water for new hotels in the region and promoting the tourism sector.

III. Contributing to reducing the rate of diseases resulting from water pollution, which is reflected in improving the livelihood of the population and improving their well-being.

IV. Providing water for irrigation projects and increasing the proportion of agricultural land leading to achieving food security.

V. Increasing the electric power generation from clean and sustainable sources.

The project was co-financed by BADEA, SFD, KFAED, OPEC Fund and the Government.

Highlight on:

Project

Rural Electrification in "Niassa" Province - Mozambique

Country

Mozambique

Financier	Total Cost	BADEA	SFD	KFAED	OPEC Fund	IsDB	GOVT.
Amount in (M USD)	**54.547**	10.000	15.000	10.000	10.000	6.504	3.043

The project, part of Mozambique's Rural Electrification Program, aims to contribute to the national economic and social development goals by providing electricity access to all residents, particularly in rural areas. The project will supply household electricity to a large segment of the population in several villages and small urban centers in Niassa Province, as well as to commercial, industrial, and agricultural activities in the project area. It will also have positive environmental impacts by reducing the reliance on wood and diesel as primary energy sources. Additionally, the project will improve the living standards of residents in small towns and villages, reduce poverty, and decrease rural-to-urban migration rates.

Seychelles receives $31 million loan to improve electricity network from BADEA and Saudi Fund for Development, 12 November 2015:

*The Chairman of **BADEA's** Board of Directors also Vice Chairman and Managing Director of the **Saudi Fund for Development**, Yousef Ibrahim Al Bassam and the Seychelles Minister of Finance, Trade and the Blue Economy signing the loan agreements.*

Highlight on:

Project

Emergency Programme for Electricity Power Generation - Eritrea

Country

Eritrea

This project targets a critical gap in ‘s electricity infrastructure by upgrading the generation capacity of the two main power stations within the national interconnected grid, serving key urban centres and rural communities, including the cities of Massawa and Asmara. Currently, these stations meet only around 10% of the country’s electricity demand, leaving the vast majority of the population, both in urban and rural areas, without reliable access to power. The project directly addresses this shortfall and contributes to SDG 9 on Industry, Innovation, and Infrastructure, while aligning with the government’s national development strategy and the Bank’s 2030 Strategic Plan and Eighth Five-Year Plan, particularly in the area of infrastructure investment. Once fully operational, the Eritrean Electricity Corporation will be capable of meeting around 40% of national electricity demand, a fourfold increase over current capacity, representing a transformative step toward energy security and broader economic development across the country.

The project is financed with a total budget of around USD 52.00 million, with contributions from BADEA and the Government.

Highlight on:

Project

Rural Electrification - Rwanda

Country

Rwanda

This project targets two of Rwanda's underserved districts in the Southern Province, located 100–200 km southwest of the capital Kigali, where electricity access currently stands at just 33%, below the national average. Serving a combined population of approximately 846,000 residents across 21 sectors, and 331 villages, the project aims to extend reliable grid electricity to around 156,000 direct beneficiaries. Power will be supplied through the national grid via the Rukarara 110/30 kV substation, leveraging existing and planned generation and transmission infrastructure in the region. Beyond household connectivity, the project supports Rwanda's broader vision of reaching middle-income status by expanding electricity access to schools, health centers, government facilities, and small commercial and agro-processing industries, contributing to job creation, reduced rural-to-urban migration, and a meaningful reduction in the use of firewood and kerosene as primary energy sources.

The project is financed with a total budget of around USD 22.22 million, with contributions from BADEA and the Government.

Highlight on:

Project

Improvement of Electricity Network in South “Mahé – Seychelles

Country

Seychelles

For decades, the southern region of Mahé Island suffered from a chronic electricity supply deficit rooted in an aging transmission and distribution network dating back to the 1960s. Operating at a voltage level (11 kV) ill-suited to the distances required for power transmission, the network was overloaded to more than 130% of its capacity, resulting in unacceptable voltage drops, prolonged outages, and technical losses reaching approximately 1.8 MW in the south alone, all of which weighed heavily on the island’s tourism and commercial sectors and constrained broader economic growth.

By modernizing and reinforcing the southern transmission network, the project significantly enhances supply reliability for households, service centres, commercial establishments, and large hotels, with capacity designed to accommodate growing electricity demand through 2040. The project aligns with the government’s overarching energy sector vision of driving sustainable economic and social development through targeted infrastructure investment, delivering electricity services with greater efficiency and at competitive cost to the communities it serves.

The project is financed with a total budget of around USD 36.00 million, with contributions from BADEA, Saudi Fund and the Government.

Highlight on:

Project

Rural Electrification - Cameroon

Country

Cameroon

This project targets 50 villages across three northern regions of Cameroon, Adamaoua, North, and Far North, where grid electricity was entirely absent prior to the project, leaving a total population of approximately 135,000 residents dependent on firewood, kerosene, and small petrol-powered generators. The Adamaoua region encompasses 18 villages supplied via the Ngaoundéré substation, the North region covers 22 villages fed through the Lagdo substation, and the Far North region includes 10 villages connected via the Maroua substation, all drawing from the existing Northern Grid through 30 kV transmission lines. In its first year of operation, the project is expected to deliver direct electricity access to approximately 20,000 beneficiaries across the three regions, supporting households, schools, health centers, commercial establishments, and agro-processing industries such as grain mills. The project contributes to Cameroon's national rural electrification target of reaching 50% of the rural population by 2030, up from just 10% at the time of appraisal.

THE WAY FORWARD

The Arab Bank for Economic Development in Africa (BADEA) is well positioned to play a catalytic role in supporting Africa's energy sector development, given its mandate to promote socio-economic development and strengthen Arab–African cooperation. Africa's persistent energy deficits, combined with growing demand and abundant renewable energy potential, create significant opportunities for BADEA to expand its engagement through financing, technical support, and partnership facilitation.

BADEA's role is expected to evolve around several strategic pillars as outlined below.

1. Financing Energy Infrastructure Development

One of the most critical roles for BADEA is to provide long-term financing for the development and expansion of energy infrastructure. Investment needs across Africa's energy sector remain substantial, particularly in electricity generation, transmission, distribution, and rural electrification. Priority areas for BADEA financing may include:

1.1 Power Generation Projects

BADEA can support diversified generation capacity, including:

- Hydropower plants.
- Solar photovoltaic systems.
- Wind farms.
- Gas-fired power plants where appropriate.
- Hybrid renewable systems.

Renewable energy projects are particularly aligned with Africa's natural resource advantages and climate goals.

1.2 Transmission and Distribution Systems

Strengthening transmission and distribution networks is essential to reduce system losses and improve reliability. BADEA can support:

- Grid expansion to underserved areas.
- Rehabilitation of aging infrastructure.
- Cross-border transmission lines.
- Substation development.

These investments help increase access and improve system efficiency.

1.3 Rural Electrification and Off-Grid Solutions

Rural electrification remains one of the most pressing challenges across Africa. BADEA can support:

- Mini-grid development.
- Solar home systems.
- Hybrid rural electrification schemes.
- Community-based energy solutions.

Such investments can significantly improve access to electricity and support rural development.

2. Supporting Renewable Energy Development and Energy Transition

Africa holds significant renewable energy potential, particularly in solar, wind, hydropower, and geothermal resources. BADEA can play a central role in advancing the continent's transition toward sustainable energy systems.

Key interventions may include:

- Financing renewable energy projects.

- Supporting solar and wind parks.
- Encouraging adoption of energy storage technologies.
- Supporting green and climate-resilient energy infrastructure.

Renewable energy investments also support global climate commitments and enhance energy security.

3. Promoting Regional Energy Integration

Regional energy integration offers opportunities to enhance reliability, reduce costs, and optimize resource use across countries.

BADEA can support:

- Cross-border power transmission projects.
- Regional power pool development.
- Energy trade infrastructure.
- Harmonization of technical standards.
- Regional energy planning initiatives.

Regional integration strengthens economic cooperation and improves resource utilization.

4. Mobilizing Co-Financing and Strengthening Partnerships

BADEA has strong comparative advantage in mobilizing partnerships with Arab and international development institutions. Co-financing plays a vital role in scaling up investments and reducing financial risks.

BADEA can:

- Facilitate co-financing arrangements.
- Participate in syndicated financing structures.
- Collaborate with regional and global development partners.
- Strengthen Arab–African investment partnerships.

Through partnerships, BADEA can leverage additional financing resources and enhance project impact.

5. Supporting Institutional Strengthening and Capacity Development

Institutional capacity remains a major constraint in many African energy sectors. BADEA can provide technical assistance and institutional support to strengthen sector governance and operational performance.

Key areas of support may include:

- Energy policy development.
- Regulatory framework strengthening.
- Utility performance improvement.
- Asset management systems.
- Project planning and preparation.
- Monitoring and evaluation systems.

Strong institutions are essential for sustainable sector performance.

6. Supporting Project Preparation and Technical Assistance

Many energy projects face delays due to weak preparation capacity.

BADEA can support:

- Feasibility studies.
- Environmental and social assessments.
- Financial structuring.
- Risk assessment and mitigation.
- Engineering design studies.

Project preparation support enhances project quality and bankability.

7. Promoting Private Sector Participation

Private sector involvement is essential to meet Africa's growing energy demand. BADEA can support private investment through:

- Public–Private Partnership (PPP) support.
- Risk mitigation instruments.
- Blended finance mechanisms.
- Credit enhancement tools.

Encouraging private participation improves efficiency and expands financing options.

8. Supporting Climate Resilience and Sustainable Energy Systems

Climate change presents significant risks to Africa's energy infrastructure. BADEA can support climate-resilient energy systems through:

- Financing resilient infrastructure.
- Supporting climate adaptation measures.
- Promoting energy efficiency initiatives.
- Encouraging sustainable resource management.

Climate-smart investments enhance long-term sustainability.

9. Supporting Energy Access and Social Development

Improving energy access has strong social and economic benefits. BADEA can prioritize projects that directly improve livelihoods and human development outcomes.

Priority interventions may include:

- Electrification of schools and health facilities.
- Energy supply for water systems.
- Productive-use energy projects.
- Clean cooking initiatives.

Such interventions support poverty reduction and improve quality of life

10. Supporting Knowledge Development and Data Systems

Reliable data and knowledge systems are essential for effective sector planning. BADEA can contribute to:

- Energy sector studies.
- Demand forecasting models.
- Energy data systems.
- Regional knowledge platforms.
- Innovation and technology adoption.

Given the focus on **energy forecasting and optimization**, this area is particularly relevant to strengthening planning capacity across African countries.

11. Strategic Implications for BADEA

To maximize its impact in the energy sector, BADEA may consider:

- Increasing allocation of resources to renewable energy.
- Expanding support to regional energy infrastructure.
- Strengthening collaboration with other MDBs.
- Enhancing project preparation capabilities.
- Promoting integrated infrastructure development.

These actions would position BADEA as a key contributor to Africa's energy transformation.

> ***Improving energy access has strong social and economic benefits. BADEA can prioritize projects that directly improve livelihoods and human development outcomes.***

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